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Dignity Health Hospitals “Bundle Up” to Improve Coordination, Reduce Costs
Pilot programs aim to serve 20,500 Medicare patients and save more than \$7 million

San Francisco, CA – January 31, 2013 – Dignity Health announced today that it has been selected by the Center for Medicare and Medicaid Innovation for participation in three bundled payment pilot programs aimed at improving care and reducing costs. The programs at Dignity Health hospitals are anticipated to serve approximately 20,500 Medicare beneficiaries and deliver a savings of more than \$7 million over three years.

“By better aligning doctors and hospitals we believe we can have a profound impact on both the quality and cost of care,” said Lloyd H. Dean, president/chief executive officer of Dignity Health. “We are proud to be part of this work and encouraged that what we learn from the pilot programs can serve as a model for the nation going forward.”

The Bundled Payments for Care Improvement initiative includes four models of bundling payments, varying by the types of health care providers involved and the services included in the bundle. Depending on the model type, CMS will bundle payments for services beneficiaries receive during an episode of care, encouraging hospitals, physicians, post-acute facilities, and other providers as applicable to work together to improve health outcomes and lower costs. Organizations of providers participating in the initiative will agree to provide CMS a discount from expected payments for the episode of care, and then the provider partners will work together to reduce readmissions, duplicative care, and complications to lower costs through improvement.

“The objective of this initiative is to improve the quality of health care delivery for Medicare beneficiaries, while reducing program expenditures, by aligning the financial incentives of all providers,” said Acting Administrator Marilyn Tavenner.

San Bernardino - Model 1 Begins April 2013

Two Dignity Health hospitals in San Bernardino are among only 32 hospitals selected for the Model 1 pilot program. Beginning in April 2013, St. Bernardine Medical Center and Community Hospital of San Bernardino will be accepting bundled payments for acute care admissions for an estimated 13,000 Medicare beneficiaries. Under the model, the hospitals will accept financial risk and work more closely with physicians on care protocols and the implementation of evidence-based medicine.

“We are honored to have been selected for this pilot program,” said Stan Rucker, vice president and chief strategy officer for Dignity Health’s Inland Empire service area. “These innovative approaches hold the potential to help us improve quality, lower costs, and provide better health care to Medicare recipients in the Inland Empire.”

Dignity Health Hospitals Advance in Models 2 and 4

Today's announcement also marks the start of Phase 1 of Models 2, 3, and 4. In Phase 1 (January-July 2013), more than 100 participants partnering with more than 400 provider organizations, will receive new data from CMS on care patterns and engage in shared learning about how to improve care. Phase 1 participants are generally expected to become participants in Phase 2, in which approved participants opt to take on financial risk for episodes of care starting in July 2013, pending contract finalization and completion of CMS' standard program integrity reviews. Dignity Health hospitals in California, Arizona, and Nevada are included in this Phase 1 announcement and are expected to advance to Phase 2.

Specifically, St. Mary Medical Center in Long Beach and St. Bernardine Medical Center in San Bernardino have each advanced in the Model 2 bundled payments approach, which includes the inpatient stay and post-acute care.

Hospitals that have advanced in the Model 4 approach include Glendale Memorial Hospital, Northridge Hospital Medical Center, St. Mary Medical Center in Long Beach, St. Rose Dominican Hospitals in Henderson, NV, and St. Joseph's Hospital and Medical Center in Phoenix, AZ. In this model, CMS would make a single, prospectively determined bundled payment to the hospital that would encompass all services furnished during the inpatient stay by the hospital, physicians, and other practitioners. Physicians and other practitioners would submit "no-pay" claims to Medicare and would be paid by the hospital out of the bundled payment.

Dignity Health is also among the first federally designated Hospital Engagement Networks, as awarded by the Department of Health and Human Services. The health system received \$8 million in grants to help meet the goals of the Partnership for Patients pledge. Dignity Health was one of the first hospital systems in the nation to sign the pledge, which calls for a 40 percent reduction in preventable hospital-acquired conditions and a 20 percent reduction in preventable readmissions over a three year period.

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About Dignity Health

Dignity Health, one of the nation's five largest health care systems, is a 17-state network of nearly 10,000 physicians and 56,000 employees who provide patient-centered care at more than 300 care centers, including hospitals, urgent and occupational care, imaging centers, home health, and primary care clinics. Headquartered in San Francisco, Dignity Health is dedicated to providing compassionate, high-quality and affordable patient-centered care with special attention to the poor and underserved. In 2012, Dignity Health provided \$1.6 billion in charitable care and services. For more information, please visit our website at www.dignityhealth.org. You can also follow us on [Twitter](#) and [Facebook](#).